



1120 Bethlehem Pike, Suite 208, P.O. Box 858, Spring House, PA 19477 (215) 542-5959 Phone • (215) 542-6990 Fax

July 18, 2012

Dear Homeowner:

We have the privilege of insuring **Daylesford Lake Condominium Association**. In order that we can serve you more efficiently, we would like to clarify the coverage and procedures of the Association's master policy.

Association Master Insurance Policy:

Effective 6/30/2012 the master insurance policy for **Daylesford Lake Condominium Association** provides building coverage per the Association's Declarations and Bylaws. Of course, the coverage provided is subject to the terms, conditions, restrictions and exclusions of the actual policy and would only apply to losses that were caused by covered perils or causes of loss.

**YOUR ASSOCIATION DOCUMENTS WILL DETERMINE THE SCOPE OF YOUR COVERAGE
PLEASE REVIEW THEM CAREFULLY.**

Coverage includes those building components or upgrades within the individual units **that were initially installed by the builder prior to the original sale of the unit**. Any improvements and betterments completed after the original sale of the unit **WILL NOT** be covered by the master insurance policy.

Coverage **excludes** any property in a unit that a unit owner is responsible for repairing or replacing according to the Condominium Association agreement or by-laws.

The Association master insurance policy **WILL NOT** respond with coverage until the damage exceeds the deductible. Each unit owner is responsible for this deductible. The Association's master insurance policy contains a **\$25,000** deductible which is applicable on a per occurrence basis for all covered perils.

Condominium Owner's (HO-6) Policy:

The kind of coverage you, as a homeowner, need to purchase is called an H-O6 Condominium Owner's policy. This type of policy will provide most of the coverage you need to buy on your individual home to properly dovetail the Association's master policy.

Your HO6 policy should provide coverage for:

- **The Association's Master Insurance Policy Deductible:** With some HO-6 companies, you need to specify that you want to cover the Association's deductible. Failing to specify might mean your unit owner's insurance policy (HO-6) may not be set up to cover the Association's deductible. We recommend getting something in writing from your HO-6 agent stating that your HO-6 policy will cover the Association's deductible should you be held responsible for it.
- **Real Property Coverage:** Provides coverage for improvements and betterments made to your home after the original sale of your unit, as you are responsible for insuring all unit upgrades
- **Personal Property Coverage:** Covers your contents and personal belongings.
- **Loss Assessment Coverage:** Protects you in the event a special assessment is imposed by the Association because the Master policy limits were exceeded.
- **Loss of Use:** Covers the cost you incur to live elsewhere when a covered loss renders your unit uninhabitable.
- **Personal Liability Protection:** Provides liability protection for you personally against claims from third parties alleging bodily injury or property damage.
- **Sewer/Sump Backup coverage** – This coverage is not automatically included on all HO-6 policies and may require a special endorsement.
- **Every HO-6 carrier is different so please discuss your particular situation with your Agent to see if they have any further coverage suggestions which might apply to you.**

Additionally, Renters and Investor owners also need to purchase insurance coverage as well. Both need to protect their liability exposure and need coverage for loss to personally owned property. Renters should carry HO-4 (renters) policies and Investors should contact their brokers for how best to protect their investment property. Investor owners should require their tenants purchase an HO4 (renters) policy.



1120 Bethlehem Pike, Suite 208, P.O. Box 858, Spring House, PA 19477 (215) 542-5959 Phone • (215) 542-6990 Fax

We also suggest a written inventory with photographs of all your property, building, and contents, to help you document your loss under either the HO6 or Association policy. We encourage you and your insurance agent to call if you have any questions.

You have the option to obtain coverage for your personal homeowner's policy through our agency. We have been insuring Community Associations since their inception and understand the coverage's you need. In addition, we have carriers that specialize in HO-6 coverage and can provide you with the most comprehensive coverage at the most competitive rates. Please contact our personal lines manager Gene Ebright via our toll free telephone number (877) 742-4678 ext. 128 or via email at gebright@smithinsurance.com. You can also obtain a free quote online at www.smithinsurance.com by clicking on the "Request A Quote" link on the home page.

Certificates of Insurance

If you or your mortgage company need a certificate of insurance as evidence of your home being insured, please visit our website at www.smithinsurance.com. An online form for requesting certificates of insurance can be located by clicking the "Certificates of Insurance" link on the home page. Completing this online form is the quickest and easiest way to obtain certificates of insurance from our agency. If you have additional questions about certificates of insurance, please contact Jan Fusco via telephone (x100) or email (jfusco@smithinsurance.com). She will need the name and address of the mortgage company and a loan number in order to assist you.

Claims

If you have a claim, please follow the procedures outlined below to help ensure timely processing of the claim:

- Report the claim to building management as soon as possible. You will need to provide management with the date of loss and the cause of loss. If management feels the loss would be covered by the Association insurance policy, they will report the loss to our agency. (Please keep in mind that the Association has a **\$25,000** deductible for each covered loss).
- Report the claim to your personal lines insurance carrier as soon as possible.

We hope this letter answers your questions. Please call our agency if we can be of further assistance. We look forward to being of service to you and **Daylesford Lake Condominium Association**.

Sincerely,

SMITH INSURANCE ASSOCIATES, INC.

DISCLAIMER: THIS INFORMATION IS MEANT TO BE USED AS A GUIDE IN PURCHASING YOUR PERSONAL INSURANCE COVERAGE'S AND DOES NOT ENCOMPASS ALL COVERAGES YOU MAY NEED. PLEASE CONSULT WITH YOUR PERSONAL INSURANCE AGENT TO DISCUSS YOUR PERSONAL SITUATION AND COVERAGE OPTIONS. NOTHING IN THIS LETTER SHALL CHANGE THE POLICY TERMS, CONDITIONS, WORDING, OR WARRANTIES OF THE ASSOCIATION INSURANCE POLICIES.